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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** October 25, 2018

**TO:** Hon. Kathy M. Sheehan  
Members of the Common Council

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Mike Wheeler

**RE:** 3rd quarter 2018 Performance

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The following is a summary of the unaudited results for the 3rd Quarter 2018. Fiscal performance was stable and within budgetary expectations for 2018, with the exception of expenditures related to the overtime, utilities and contracted services.

Revenue in the third quarter of 2018 including debt reserve funds totaled \$133.3 million which was \$821K less than the same period last year which is mostly related to the anticipated decrease in landfill revenue. Expenses totaled almost \$130.1M (when an estimate for retirement expense is included) which was \$370K more than the third quarter of 2017.

### REVENUE (Thousands)

	SEPT	SEPT		%	SEPT	Annual		%
REVENUE	YTD 18	YTD 17	Variance		YTD 18	Budget	Variance	Budget
PROPERTY TAX	58,377	57,562	815	1%	58,377	58,250	127	100%
SALES/USE TAX	26,380	24,652	1,728	7%	26,380	33,607	(7,227)	78%
PILOTS/19-a	11,537	11,683	(146)	-1%	11,537	21,075	(9,538)	55%
OTHER LOCAL SOURCES	1,776	2,047	(271)	-13%	1,776	3,086	(1,310)	58%
LANDFILL	4,637	6,664	(2,027)	-30%	4,637	6,002	(1,365)	77%
OTHER DEPARTMENTS	4,372	4,115	257	6%	4,372	5,807	(1,435)	75%
INTER GOVERNMENT	319	201	118	59%	319	107	212	298%
FINES	3,311	3,253	58	2%	3,311	5,371	(2,060)	62%
LICENSES AND PERMITS	3,191	3,713	(522)	-14%	3,191	4,158	(967)	77%
STATE AID	14,493	15,011	(518)	-3%	14,493	29,402	(14,909)	49%
SALE P/COMP/LOSS	172	225	(53)	-24%	172	996	(824)	17%
MISCELLANEOUS	3,704	3,439	265	8%	3,704	7,995	(4,291)	46%
OTHER	56	581	(525)	-90%	56	540	(484)	10%
<b>DEBT RESERVE</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>100%</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>100%</b>
<b>TOTAL REVENUE</b>	<b>133,325</b>	<b>134,146</b>	<b>(821)</b>	<b>-1%</b>	<b>133,325</b>	<b>177,396</b>	<b>(44,071)</b>	<b>75%</b>

The chart above summarizes the City's sources of revenue through September 30, 2018.

1. **Property Tax revenue** increased by \$815K from last year as result of the slight increase in the tax rate and the expansion of the tax base, and is over budget at the end of the third quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** increased in the third quarter by \$1.7M compared to last year this time. Sales tax revenue was over budget at 78% for the year. This is an unexpected boost to revenue and will be helpful, as the rate of increase in sales tax is not expected to decline in the 4<sup>th</sup> Quarter.
3. **PILOTS/19-a revenue** was slightly lower than the same period last year. They totaled almost \$11.5M with most of that coming from NYS.
4. **Other Local sources revenue** decreased from the third quarter of 2017. The difference from year to year is related to receiving the National Grid gross utilities receipt tax in September last year as compared to receiving it in October this year.
5. **Landfill revenue** totaled almost \$4.6M which was a decrease of 30% compared to the same period last year. Tipping fees decreased by \$2.1M from commercial customers which was anticipated in the budget. Even with this decrease, landfill revenue was slightly above budget for the year at 77%.
6. **Other Departmental revenue** was 6% (\$257K) higher than last year at this time. There were increases in elevator programs, rental registries, EMS ambulatory, and APD event security.
7. **Intergovernmental revenue** increased by 59% (\$118K). Most of this increase is related to the increase in interest rates on our invested cash.
8. **Fines and Forfeitures revenue** increased by 2% (\$58K) from last year. Most of the increase is the result of an increase in traffic violations, police court fines and miscellaneous revenue.
9. **Licenses and Permits revenue** decreased 14% (\$522K) compared to the same period last year. Stabilizations and demolition fees decreased \$294K and street opening fees decreased \$377K. While safety inspection permits revenue increased by \$155K, parking permit revenue increased by almost \$38K and electrical permits increased \$15K.
10. **State aid** decreased \$518K which is directly related to receiving the \$12.5M in Capital City funding revenue in June last year and only billing for \$12.0M this year. The city received \$9.0M and has recently received assurance from the State that the remaining \$3.0M payment will be sent

shortly. Most of the revenue in this category is derived from state grants and various state payments. The timing of these payments varies from year to year.

11. **Miscellaneous revenue** increased 8% (\$265K) compared to the same time last year. Most of the increase is from civil service fees (\$76K), fuel sales were higher by (\$42K) and CDBG funds increased by (\$48K). This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. (This is where federal HUD accounting rules require the City to budget for the \$3m in ACDA pass through monies, even though neither the revenue nor expenses are realized.)
12. **Other revenue** decreased by 90% (\$525K) compared to the same period last year. The decrease is primarily related to the Safer Grant which ended in 2017. Most of this revenue in this category is derived from federal government grants and the timing of these payments varies from one year to the next.

## DISBURSEMENTS

Category/Account	SEPT	SEPT		%	Annual		%
	YTD 18	YTD 17	Variance		Budget	Variance	Budget
Personal Benefits	57,512,136	57,807,236	(295,100)	-0.5%	75,399,236	(17,887,100)	76%
Fringe Benefits	25,673,544	25,848,324	(174,780)		36,631,809	(10,958,265)	
Retirement including estimate	10,514,014	10,628,163	(114,148)		14,324,103	(3,810,089)	
Total Benefits	36,187,559	36,476,487	(288,928)	-0.8%	50,955,912	(14,768,353)	71%
Non-Personal Service	35,379,394	34,425,204	954,190	2.8%	51,040,965	(15,661,571)	69%
Use of Debt Reserve	1,000,000	1,000,000	0	0.0%	1,000,000	0	100%
Total	130,079,088	129,708,926	370,162	0.3%	178,396,113	(48,317,025)	73%
Number of weeks in period	39	39	0		52		75%

**Total disbursements increased by \$370K compared to the same period last year.** Spending was down in Fringe Benefits and in Personnel Benefits while Non-Personal Services increased compared in the third quarter of 2017.

1. **Personal Benefits salary expense decreased by 0.5%** compared to the same period last year. The Police Department decreased by \$618K from last year and the Fire Department decreased by \$460K. This category also includes overtime expenses which ended the quarter at almost \$207K higher than in 2017 (due in part to the snowstorms in the early months of 2018). Most of the other City departments had slightly higher levels of salary expenses for the quarter. Most of these increases are the result of budgeted pay increases. Because of these increases, this category ended the quarter at 76% of budget.
2. **Fringe Benefits and Retirement Expenses decreased by 0.8%** from the third quarter of last year. This category was below budget for the quarter at 71%. Most of the decrease in this category was attributable to decreases in workers compensation lines which were lower by (\$231K) employee and retiree health insurance lines which decreased by (\$64K) and FICA expense decreased by (\$21K).
3. **Non-Personal Service spending increased by 2.8% or slightly more than \$954K.** Not including encumbrances this category was at 69% of budget by the end of the third quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The third quarter saw increases over last year in the following areas. Contracted services expenses increased by \$250K, utilities expenses increased \$167K, gasoline expense increased by \$174K, debt service increased by \$438K. judgement and claims increased \$118K. BRC saw demolitions expense decrease \$385K from last year.
4. **Encumbrances (funds reserved for purchases) decreased by almost \$630K** compared to the same period last year. Encumbrances total slightly more than \$3.8M at the end of the third quarter.

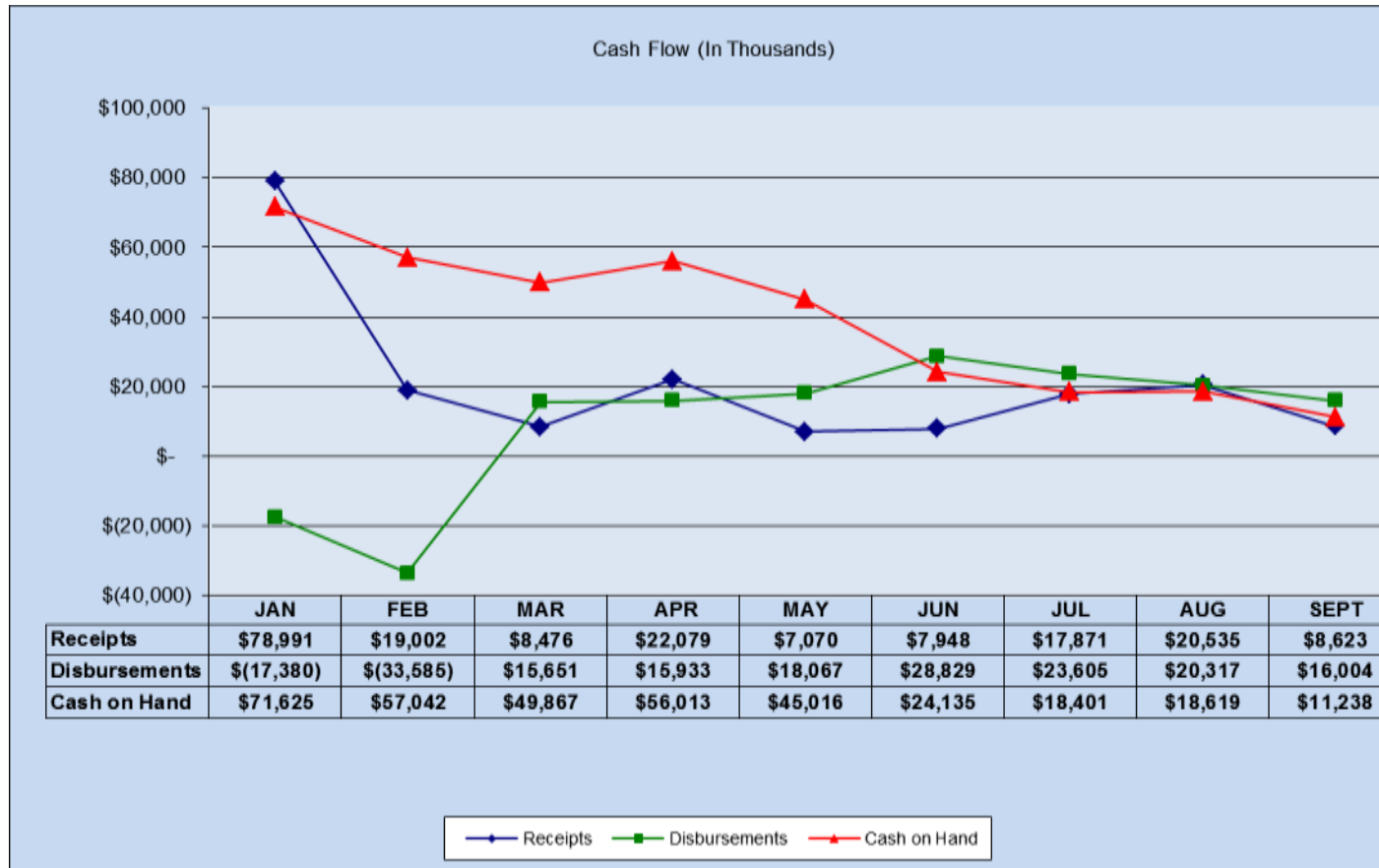
## OVERTIME

Department	2018	2017	Change	%	2018	Budget	% of Budget
Police (non-reimbursable)	3,884,222	3,844,595	39,627	1%	3,884,222	4,050,000	96%
Fire	671,114	661,229	9,885	1%	671,114	439,000	153%
Communications	248,468	223,267	25,201	11%	248,468	325,000	76%
Parks Maintenance	165,902	146,441	19,461	13%	165,902	185,000	90%
Waste Collection	179,336	184,217	(4,881)	-3%	179,336	200,000	90%
Landfill	111,617	111,771	(154)	0%	111,617	150,000	74%
Central Maint.	45,432	32,549	12,883	40%	45,432	70,000	65%
Street Maintenance	302,021	218,794	83,227	38%	302,021	295,000	102%
Recreation	10,099	8,317	1,782	21%	10,099	12,000	84%
Traffic Engineering	27,969	28,535	(566)	-2%	27,969	40,000	70%
Capital Hills	14,006	18,673	(4,667)	-25%	14,006	26,000	54%
Fleet Maintenance	16,321	22,659	(6,338)	-28%	16,321	20,000	82%
Bleeker Stadium	210	0	210	100%	210	500	42%
Buildings	91,985	63,515	28,470	45%	91,985	50,000	184%
DGS Administration	693	639	54	8%	693	2,500	28%
Control of Animals	13,105	8,114	4,991	62%	13,105	18,000	73%
Cultural Affairs	8,362	10,543	(2,181)	-21%	8,362	15,000	56%
<b>General Fund</b>	<b>5,790,862</b>	<b>5,583,858</b>	<b>207,004</b>	<b>4%</b>	<b>5,790,862</b>	<b>5,898,000</b>	<b>98%</b>
Police (reimbursable)	1,035,939	903,720	132,219	15%	1,035,939	1,288,023	80%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
<b>Water</b>	<b>418,530</b>	<b>402,948</b>	<b>15,582</b>	<b>4%</b>	<b>418,530</b>	<b>490,000</b>	<b>85%</b>
<b>Totals</b>	<b>7,245,331</b>	<b>6,890,526</b>	<b>354,805</b>	<b>5%</b>	<b>7,245,331</b>	<b>7,676,523</b>	<b>94%</b>

**General Fund overtime was over budget at (98%) at the end of the third quarter.** Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 4% or almost (\$207K) higher than the same period last year.

The Street Maintenance division had the biggest increase in overtime payments which were up by over \$83K. Much of this was related to the additional work related to snow removal in January. The Police Department increased by over \$36K and was at 96% of budget by the end of the third quarter. The Fire Department increased by almost \$10K and ended the quarter at 153% of YTD budget. The Buildings Department increased by over \$25K and was at 184% of budget by the end of the third quarter. The majority of departments have higher overtime expenses this year than last year.

## CASH



**The City's cash position was lower by almost \$13.0M compared to the same period last year.** Most of the decrease is the result of the state only paying \$9.0M of the total \$12.0M Capital City Funding payment. Last year at this time we received a \$12.5M payment. Property tax receipts are lower than last year by almost \$5.7M due to the County of Albany receiving the corporate tax payments directly instead of the City collecting this cash and reimbursing the County at a later date. In addition we paid the Albany City School District over \$7.0M in PILOT money we owed from 2017. On the positive side the City has received an additional \$1.7M in Sales Tax revenue by the end of this quarter.

## CONCLUSION

The City had only received \$9M in Capital City Funding revenue as of the end of this quarter, but expects to receive the additional \$3M shortly. That being said, our lack of fund balance continues to require the City to closely monitor cash flow in order to determine the need to issue a revenue anticipation note (RAN) to provide enough cash to get the City through December. Expenses were just slightly higher compared to last year at this time. Despite some increases in overall expenses, however, decreases in salary expenses and benefit expenses helped to hold down costs.

Thus far, there are no major surprises for 2018 other than the 3 snow emergencies in the beginning of the year, and the uptick in sales tax collections. The City is largely moving forward as expected financially. The City will have to continue to watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level where a permanent solution for the revenue gap caused by tax exempt properties remains the goal.